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Matters relating to the mechanisms under the Kyoto Protocol
Synergy relating to accreditation under the mechanisms of the Kyoto Protocol

Recommendation of the Joint Implementation Supervisory Committee on the accreditation system for joint implementation aligned with that of the clean development mechanism

Note by the secretariat

Summary

This document provides an elaborated recommendation from the Joint Implementation Supervisory Committee to the Subsidiary Body for Implementation on an accreditation system for joint implementation (JI) aligned with that of the clean development mechanism (CDM), taking into consideration decision 6/CMP.8, paragraph 15(b), and the implications thereof, as requested by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its ninth session. This elaborated recommendation proposes a closely aligned accreditation system through the establishment of a joint accreditation committee under the authority and supervision of the two constituted bodies, in accordance with decisions 3/CMP.1 and 9/CMP.1, which would carry out accreditation functions under both the CDM and JI.

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I. Background and mandate

1. At its eighth session, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) agreed, with regard to the review of the joint implementation (JI) guidelines, on a set of key attributes that would characterize the future operation of JI, including closely aligned or unified accreditation procedures between JI and the clean development mechanism (CDM) that take into account differences in the respective modalities and procedures of the two mechanisms.[1]

2. In its annual report to the CMP at its ninth session, the Joint Implementation Supervisory Committee (JISC) reported that "with regard to the accreditation system for accredited independent entities (AIEs), the JISC agreed that the CMP may wish to consider establishing a unified accreditation system for both project-based mechanisms under the Kyoto Protocol: the CDM and JI".[2] The JISC also noted that "the accreditation panels of both mechanisms have been collaborating in their work in past years and the JISC firmly believes that a unified accreditation system would achieve economies of scale, resulting in reduced regulatory burdens and associated transaction costs". The JISC further reported to the CMP that it "stands ready to collaborate fully with the CDM Executive Board in implementing a unified accreditation system, but considers that strategic direction is required from the CMP to give impetus to such work"

3. At its ninth session, the CMP requested the JISC to submit elaborated recommendations on the accreditation system for JI aligned with that of the CDM, taking into consideration decision 6/CMP.8, paragraph 15(b), for consideration by the Subsidiary Body for Implementation (SBI) at its fortieth session.[3]

4. This elaborated recommendation was developed by the JISC at its 34th meeting (March 2014) for the consideration of the SBI. The CDM Executive Board was not requested by the CMP to undertake work in relation to this matter but at its 77th meeting (February 2014) it was informed by the secretariat of the work of the JISC in relation to accreditation and this request of the CMP.

II. Existing infrastructure for accreditation

5. The functions of the CDM Executive Board and the JISC in relation to accreditation of their respective mechanisms are very similar:

(a) Under decision 3/CMP.1, annex, paragraph 5(f), the CDM Executive Board is required to be responsible for the accreditation of operational entities in accordance with the accreditation standards contained in appendix A to that annex, including decisions on reaccreditation, suspension and withdrawal of accreditation;

(b) The JISC, pursuant to decision 9/CMP.1, annex, paragraph 3(b) and (c), is responsible for the accreditation of independent entities in accordance with the standards and procedures contained in appendix A to that annex, and for the review of these standards and procedures, giving consideration to the work of the CDM Executive Board.

6. The two accreditation systems are currently operating in accordance with very similar standards, set at CMP level.

[1] Decision 6/CMP.8, paragraph 15.
[2] FCCC/KP/CMP/2013/4 and Corr.1, paragraph 22.
[3] Decision 5/CMP.9, paragraph 5.

7. Both constituted bodies are mandated to review the accreditation standards set by the CMP that apply to their mechanism and make recommendations to the CMP (see decision 3/CMP.1, annex, paragraph 5(g), and decision 9/CMP.1, annex, paragraph 3(c)). Both bodies have adopted accreditation standards and procedures to elaborate on the guidance provided by the CMP. These regulations have followed the same approaches, with the regulations of the JISC being initially modelled on those of the CDM Executive Board, and improvements made to one set have generally led to similar changes in the other. Over time, some differences have emerged, especially given that the CDM Executive Board introduced extensive improvements through the revisions of its accreditation standards and procedures that it adopted in 2013. However, in the opinion of the JISC, there are no substantive reasons for maintaining such differences between the CDM and JI accreditation systems.

8. In addition, each constituted body is mandated to obtain the support and expertise that it needs through establishing and managing panels, committees and working groups (see decision 3/CMP.1, annex, paragraph 18, and decision 9/CMP.1, annex, paragraph 13). Such technical support panels and committees remain under the authority of the constituted body that sets them up (CDM Executive Board or JISC) and that body remains accountable to the CMP in respect of technical work undertaken by these panels, committees and working groups. At the present time, there is a CDM Accreditation Panel (CDM-AP) and a JI Accreditation Panel (JI-AP), which carry out almost identical functions in relation to the review of accreditation submissions and performance management of entities accredited under the respective mechanism.

9. The only substantive difference between the two mechanisms in terms of the structure of accreditation functions is that the CMP formally designates operational entities under the CDM in accordance with Article 12, paragraph 5, of the Kyoto Protocol, whereas the CMP does not have this role under JI. To date, the CMP has always followed the recommendation of the CDM Executive Board as to designation.

III. Proposal to closely align the clean development mechanism and joint implementation accreditation systems

10. As noted above, the two project-based mechanisms have almost identical rules for accreditation functions and processes but have been run separately. In decision 9/CMP.1, annex, paragraph 3(c), it was envisaged that the JISC, in its review of accreditation standards and procedures, should give consideration to the relevant work of the CDM Executive Board.

11. This elaborated recommendation proposes a closely aligned accreditation system which would carry out the accreditation functions of both the CDM and JI, taking into account the differences in the respective modalities and procedures/guidelines of the two mechanisms. It is proposed that this system could take the rules of CDM accreditation and apply them to JI, with the necessary changes, and share accreditation activities, while maintaining the separate accountability of the CDM Executive Board and the JISC to the CMP.

12. It is important to note that the JISC considers that the proposed closely aligned accreditation system can be implemented without revision to decision 3/CMP.1 or decision 9/CMP.1 as it is within the competence of the CDM Executive Board and the JISC to develop their own technical support structures, while remaining accountable to the CMP. As such, the JISC considers that the SBI could, if it considers appropriate, make recommendations to the CMP that are independent of the current review of the modalities

and procedures for the CDM and the guidelines for the implementation of Article 6 of the Kyoto Protocol, both of which are under consideration by the SBI.

13. Furthermore, the JISC wishes to note that in the proposed closely aligned accreditation system, formal accreditation responsibility in respect of designated operational entities (DOEs)[4] would remain with the CDM Executive Board and responsibility for the accreditation of AIEs[5] would remain with the JISC. The two constituted bodies would oversee a single joint accreditation committee. Bringing together the two accreditation functions in this manner recognizes their almost identical roles within their respective mechanisms, as described above.

14. Under the proposed approach, accreditation decisions would be made by the joint accreditation committee under the authority and supervision of the CDM Executive Board and the JISC, which would remain separately accountable to the CMP in accordance with decisions 3/CMP.1 and 9/CMP.1, respectively. The joint accreditation committee would be of a technical nature, similar to the existing CDM-AP and JI-AP. As is the case for the existing panels, its members would be independently recognized accreditation experts, who would be selected by the CDM Executive Board and the JISC.

15. The proposal is that the system would make use of a common regulatory framework for accreditation for both project-based mechanisms and would conduct combined accreditation assessments.

16. The JISC recommends that the joint accreditation committee could have, as its primary roles:

(a) Elaborating its governance documents for approval by the CDM Executive Board and the JISC;

(b) Reviewing accreditation and reaccreditation requests;

(c) Planning and implementing assessment activities, combining CDM- and JI-related assessments in order to reduce costs;

(d) Taking accreditation decisions (i.e. initial accreditations, reaccreditations, performance assessments, regular surveillances, spot checks, suspensions) and reporting them to the CDM Executive Board and the JISC;

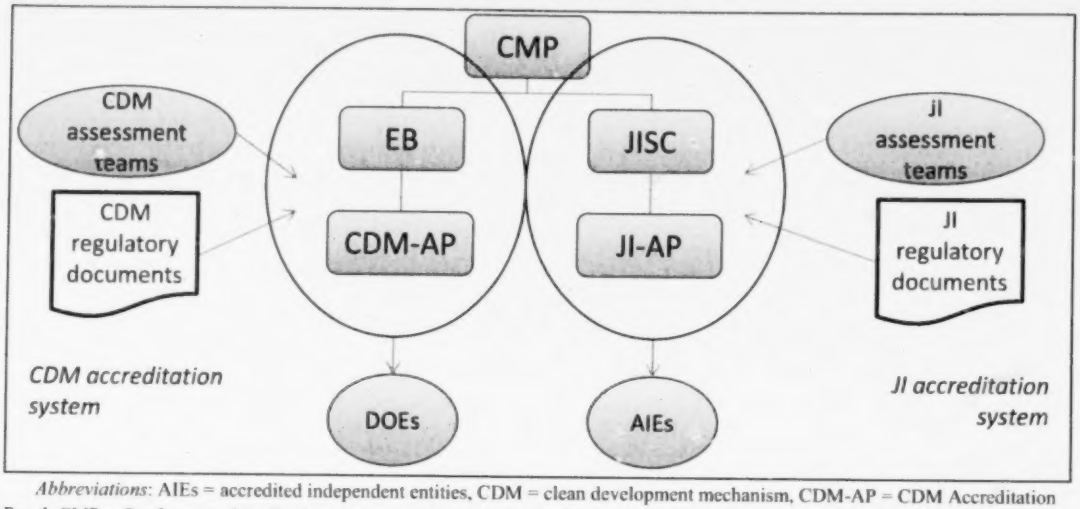
(e) Taking accreditation-related policy decisions in consultation with the CDM Executive Board and the JISC;

(f) Reporting its activities to the CDM Executive Board and the JISC.

17. Figures 1 and 2 depict the current accreditation infrastructure and the recommendation on a closely aligned accreditation system, respectively.

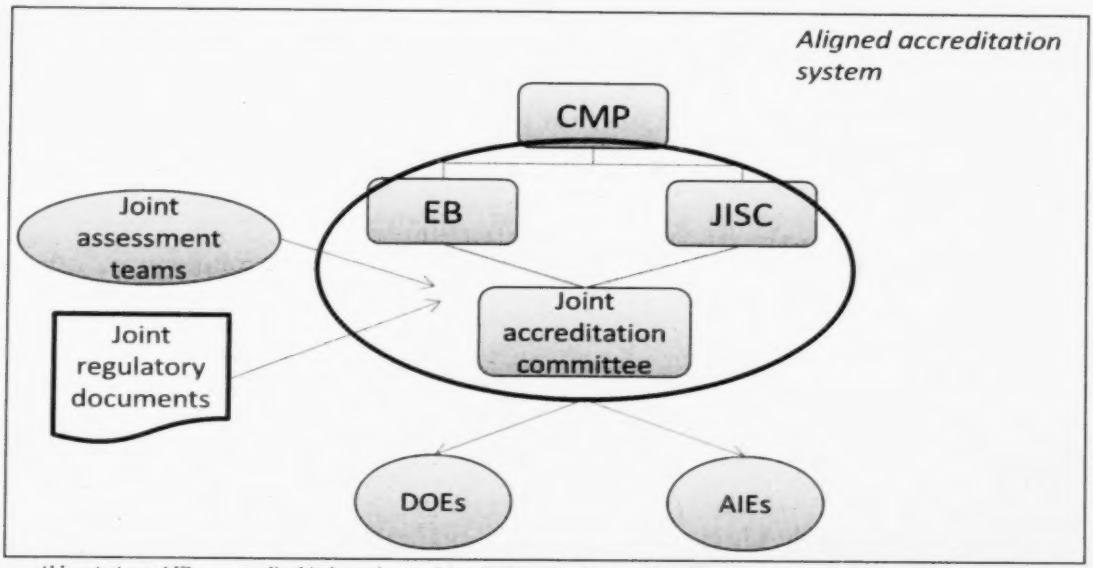
[4] See decision 3/CMP.1.
[5] See decision 9/CMP.1.

Figure 1
Current accreditation infrastructure under decisions 3/CMP.1 and 9/CMP.1



Abbreviations: AIEs = accredited independent entities, CDM = clean development mechanism, CDM-AP = CDM Accreditation Panel, CMP = Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, DOEs = designated operational entities, EB = CDM Executive Board, JI = joint implementation, JI-AP = JI Accreditation Panel, JISC = Joint Implementation Supervisory Committee.

Figure 2
Proposed closely aligned accreditation system, implementable within the existing rules of decisions 3/CMP.1 and 9/CMP.1



Abbreviations: AIEs = accredited independent entities, CMP = Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, DOEs = designated operational entities, EB = Executive Board of the clean development mechanism, JISC = Joint Implementation Supervisory Committee.

IV. Implications of the proposal

A. Expected impacts

18. As noted in paragraph 12 above, the proposed closely aligned accreditation system would not, in the view of the JISC, require that decisions 3/CMP.1 and 9/CMP.1 be revised. As such, it seems to the JISC that the CMP would be in a position to confirm that the CDM Executive Board and the JISC should share a common technical support structure for accreditation matters. The CMP could request the CDM Executive Board and the JISC to take the necessary steps to elaborate and implement the proposed joint accreditation committee in a similar way to that followed by the CDM Executive Board and the JISC when they each separately set up their current accreditation panels, except that in this case they would do so jointly.

19. A closely aligned accreditation system could be expected to produce the following benefits:

(a) Consistent application of best practice on accreditation across both the project-based mechanisms, by moving JI towards the CDM accreditation system, which is more developed, and then developing accreditation best practice consistently for both mechanisms;

(b) A consistent approach to the same issues between the CDM and JI would be ensured, thus supporting the consistency of standards required for the project-based mechanisms under the Kyoto Protocol;

(c) A considerable reduction in costs in implementing accreditation functions for the CDM Executive Board, the JISC, the secretariat and the independent entities under the CDM and JI by removing duplication (for example, the secretariat has to run two accreditation processes, and entities wishing to be both a DOE under the CDM and an AIE under JI must pay two separate fees for accreditation);

(d) Reduced costs for accredited entities in maintaining accreditation because assessments of those accredited entities would be joint for the CDM and JI (the accredited entities bear the assessment costs);

(e) Reduction of complexity in the accreditation infrastructure. This would be without any loss of environmental integrity or quality assurance capacity as the two systems already meet the same standards, as set by the CMP.

B. Proposed next steps

20. Both the CDM Executive Board and the JISC are competent to determine the mandate and role of their technical support panels, committees and working groups. It is the practice of both bodies to do this through the terms of reference for their support structure.[6] The JISC believes that the CDM Executive Board and the JISC could together elaborate the detailed operational functions of, and establish, the joint accreditation system. The two constituted bodies could report to the CMP on the operations of the joint accreditation committee through their respective annual reports.

[6] The terms of reference of the support structure of the CDM Executive Board are available at <http://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20130604103122805/panels_proc02.pdf> and the general guidelines for panels and working groups under the JISC at <http://ji.unfccc.int/Ref/Documents/Gen_Guid.pdf>.

21. The JISC considers that the CDM Executive Board and the JISC would need to undertake, as a minimum, the following work if the CMP were to endorse the proposed closely aligned accreditation system:

(a) Establish procedures on how the membership of the proposed joint accreditation committee would be elaborated and how the CDM Executive Board and the JISC would oversee the selection process;

(b) Establish procedures to ensure that challenges to accreditation decisions taken by the joint accreditation committee are reported to the relevant constituted body, for the guidance of that body;

(c) Establish procedures to ensure that the CDM Executive Board and the JISC are able to coordinate on matters related to accreditation and resolve any differences of view between the two constituted bodies, or between one body and the joint accreditation committee, should such occur;

(d) Elaborate the allocation of operational costs between the CDM and JI. Both the CDM and JI are funded through fees for the registration/determination and issuance of certified emission reductions and the verification of JI Track 2 emission reduction units. In addition, JI is also funded through the registration of Track 1 projects. The operational costs of the proposed joint accreditation committee could be shared by the mechanisms in proportion to their efforts of oversight;

(e) Put in place measures to allow the two mechanisms to make the transition from the existing CDM-AP and JI-AP to the joint accreditation committee.

V. Conclusion and proposed recommendation

22. Following the request contained in paragraph 5 of decision 5/CMP.9, this elaborated recommendation proposes a closely aligned accreditation system which would carry out accreditation functions under both the CDM and JI, taking into account the differences in the respective modalities and procedures/guidelines of the two mechanisms.

23. The CDM and JI accreditation regulation at the CMP level is very similar, with the CDM and JI accreditation texts set by the CMP being nearly identical. While at the implementation level some differences have emerged, the JISC sees no substantive reasons for maintaining two separate accreditation systems.

24. The proposed accreditation system would involve the creation of a joint accreditation committee, overseen by the CDM Executive Board and the JISC. A closely aligned accreditation system would make use of the similarities and potential synergies between the CDM and JI accreditation systems. It would therefore produce consistent application of best practice on accreditation issues, reduce complexity in the accreditation infrastructure and reduce costs in implementing accreditation functions.

25. The JISC recommends that the SBI consider forwarding to the CMP for consideration and adoption at its tenth session a draft decision that:

(a) Requests the CDM Executive Board and the JISC to establish a joint accreditation committee under their authority and supervision, in accordance with decisions 3/CMP.1 and 9/CMP.1, and collaborate in the operation of accreditation;

(b) Also requests the CDM Executive Board and the JISC to collaborate to revise the regulations of the CDM and JI rules in order to:

(i) Develop and apply terms of reference for the membership, appointment, competence and mandate of the joint accreditation committee and jointly revise such terms of reference at appropriate times;

(ii) Develop and apply a single regulatory framework for accreditation, including specific provisions to determine compliance with CDM and JI requirements;

(iii) Review and improve related processes, such as the qualification of experts.